



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 25, 2008

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To: Supervisor Yvonne B. Burke, Chair
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From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

American Housing Rescue and Foreclosure Prevention Act (H.R. 3221)

On July 23, 2008, the House of Representatives approved H.R. 3221 (Frank, D-MA), the American Housing Rescue and Foreclosure Prevention Act of 2008 by a 272-152 vote. H.R. 3221 is a comprehensive housing bill that is designed to stabilize the housing market by expanding Federal support, and strengthen the regulation of certain Government-Sponsored Enterprises (GSEs) known as Fannie Mae and Freddie Mac while providing mortgage refinancing assistance to keep at least 400,000 families from losing their homes. H.R. 3221 also contains a modified version of County-supported H.R. 5818 (Waters, D-CA), the Neighborhood Stabilization Act, which was approved by the House in May. Some provisions of that legislation are also part of H.R. 3221. They are discussed below.

Of particular interest to the County is Title III of H.R. 3221 which appropriates \$4 billion in one-time emergency funding to allow States and localities hardest hit by the foreclosure and subprime crisis to purchase owner-vacated foreclosed homes at a discount, and rehabilitate or redevelop the homes to stabilize neighborhoods and stem the significant losses in home values of neighboring homes. Foreclosed and rehabilitated homes would be sold or rented to moderate-income individuals and families whose incomes do not exceed 120 percent of the area median income. At least 25 percent of the funds would target homes or rental properties of low-income and very

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low-income persons and families whose incomes do not exceed 50 percent of area median income. Foreclosed homes must be sold at a price below their current market appraised value. The Community Development Commission (CDC), the County's Washington office, and contract advocates have worked closely during the past three months with Representative Waters and her staff, who strongly supported this funding in the legislation.

Under the bill, funds would be allocated to States and units of general local government using an allocation formula to be developed by the Housing and Urban Development (HUD) Secretary within 60 days based on: 1) the greatest percentage of home foreclosures; 2) the highest percentage of homes financed by a subprime mortgage loan; and 3) the number and percentage of homes in default and delinquency. The bill requires that each State receive no less than 0.5 percent of total funding. Our Washington, D.C. advocates will continue to work closely with HUD to ensure that large urban counties, such as Los Angeles, will receive a direct allocation of funds under the allocation formula that HUD is required to develop.

On July 25, 2008, the Senate voted, 80 to 13, to close floor debate on H.R. 3221. This large majority vote indicates that the bill is certain to be cleared for the President's signature when the Senate votes on final passage tomorrow. Earlier this week, the Administration indicated that the President would sign the bill, based on his strong support for provisions that overhaul the housing finance system and strengthen regulation and oversight of GSEs, even though Congress did not remove objectionable provisions from the bill, such as the \$4 billion in aid to state and local governments.

Federal Fiscal Year (FFY) 2009 Energy and Water Appropriations Bill

The Senate and House Appropriations Committees have approved their respective versions of the Federal Fiscal Year (FFY) 2009 Energy and Water Appropriations bill, which funds Army Corps of Engineers (Corps) civil works projects, including those of importance to the County's Departments of Public Works and Beaches and Harbors. In this update, the funding levels for the House version are based on the draft committee report, which we understand was approved by the House Appropriations Committee, which has not yet reported the bill. Therefore, neither the bill nor its committee report, as approved by the Committee, have been printed and released.

Both versions would provide approximately \$33.3 billion in overall discretionary spending in FFY 2009, roughly \$2.1 billion more than requested by the President and \$2.4 billion more than in FFY 2008. The House bill includes \$295 million for the new Energy Efficiency Block Grant authorized by last year's Energy Bill, but the Senate version (S. 3258) does not include any funding.

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Corps funding would total \$5.33 billion in the House bill and \$5.30 billion in the Senate bill, which exceeds the \$4.74 billion requested by the President for FFY 2009, but below the \$5.59 billion appropriated in FFY 2008. Funding levels for Corps projects of County interest, such as Marina del Rey maintenance dredging and the Los Angeles County Drainage Area, are listed in the attached table. The Corps' FFY 2009 budget request included funding for all of these projects except for the Arroyo Seco and Sun Valley Watershed feasibility studies.

Similar to other appropriations bills of County interest, Congress is unlikely to enact the FFY 2009 Energy and Water Appropriations bill before it adjourns this year. Energy and water programs, instead, would be temporarily funded under a Continuing Resolution with FFY 2009 appropriations finalized after the next President takes office.

We will continue to keep you advised.

WTF:GK
MAL:MT:EW:lm

Attachment

c: All Department Heads
Legislative Strategist

**FEDERAL FISCAL YEAR 2009 FUNDING LEVELS FOR
ARMY CORPS OF ENGINEERS PROJECTS OF COUNTY INTEREST IN
ENERGY AND WATER APPROPRIATIONS BILLS**

PROJECTS	House¹ 2009	Senate² 2009
General Investigations		
Arroyo Seco Watershed Feasibility Study	\$200,000	0
California Coastal Sediment Master Plan	\$900,000	\$900,000
Sun Valley Watershed Feasibility Study	\$200,000	0
Construction		
Los Angeles County Drainage Area (LACDA)	\$5,700,000	\$5,700,000
Operation and Maintenance		
Los Angeles County Drainage Area (LACDA)	\$3,796,000	\$3,996,000
Marina del Rey Maintenance Dredging – South Entrance and Main Channel	\$2,374,000	\$2,499,000
Continuing Authorities Program		
Tujunga Wash Restoration Project – Phase II	3	3

Footnotes

- ¹ In the draft FFY 2009 Energy and Water Appropriations bill, as approved by the House Appropriations Committee on June 25, 2008.
- ² In S. 3258, as reported by the Senate Appropriations Committee on July 14, 2008.
- ³ Both committees list projects to be considered for funding under the Continuing Authorities Program without specifying a dollar amount for each project.